



# Transport Workers Union of America, AFL-CIO

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May 4, 2018

TO: AA Locals 501 – 591

RE: TWU Reserve/Equity Fund Distribution Update

Dear Brothers and Sisters:

As a follow up to today's conference call with TWU American Airlines Presidents, below is a summary of the latest developments, with respect to the TWU Reserve/Equity fund distribution:

- First and foremost, I am happy to announce that the TWU International was successful in our appeal to the IRS and a capital gains tax will not be assessed by the IRS against the Reserve Fund, resulting in an additional thirty five percent (35%) approximately being available for the equity distribution to our members -- monies that otherwise would have gone to the IRS.
- The company has notified TWU that it remains on track to provide the necessary tax payer information to Computershare, from the Project Spring computer software program update, for a late May/early June distribution. (*"Project Spring" is a merger of the legacy AA and US human resources computer systems.*) The company must provide this information to Computershare, since TWU does not employ our members and TWU does not have the necessary individual tax payer information for each member needed for this type of distribution.
- The distribution of the funds from Computershare will be made by check and mailed to each eligible employee's last known address on file with the Company.
- A meeting is scheduled for May 24<sup>th</sup> in order for TWU to discuss any final items needed by Computershare to ensure the accuracy of our membership list and the amount/percentage of distribution for each eligible employee.
- A legal determination, in accordance with IRS rules and regulations, has been requested with respect to the withholding of income taxes on the equity distributions to be made in accordance with the following formula:

1. For active employees and those on leave of absence or those who have since left the company via retirement, termination or otherwise and are still alive, American Airlines will issue a W2 and withhold applicable taxes;

2. For employees, deceased after 1/1/2018, American Airlines will issue a W2 with and will withhold applicable taxes; and
3. For employees deceased prior to 1/1/2018, Computershare will issue a 1099 form and no taxes will be withheld.

In closing, we are nearing the end of this long-awaited process and I want to again thank you for your patience and perseverance and your faith in the TWU. I also want to remind each of you and all of our TWU members that this equity distribution is not a bonus, but rather hard earned dollars that truly can never adequately repay for the sacrifices our AA members were forced to accept in bankruptcy in order to permit AA to remain in business.

TWU International will continue to provide any new or additional information and details to you as soon as they become available.

Fraternally,

A handwritten signature in black ink, appearing to read "Gary Peterson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Gary Peterson  
TWU International Vice President

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